

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

200 W. Washington, Suite 301
Indianapolis, IN 46204
(317) 233-0696
<http://www.in.gov/legislative>

FISCAL IMPACT STATEMENT

LS 7162

BILL NUMBER: HB 1277

NOTE PREPARED: Jan 8, 2015

BILL AMENDED:

SUBJECT: Wagering Taxes.

FIRST AUTHOR: Rep. Negele

FIRST SPONSOR:

BILL STATUS: As Introduced

FUNDS AFFECTED: ☒ GENERAL
☒ DEDICATED
☐ FEDERAL

IMPACT: State & Local

Summary of Legislation: The bill provides that a riverboat located in a historic hotel district is subject to a wagering tax of 5% of the riverboat's adjusted gross receipts rather than the graduated tax imposed under current law.

Effective Date: July 1, 2015.

Explanation of State Expenditures:

Explanation of State Revenues: The bill provides a lower riverboat wagering tax rate for the French Lick casino. The revenue loss to the state General Fund from the lower tax rate is estimated at \$4.3 M in FY 2016 and \$4.6 M in FY 2017.

It is also estimated to reduce revenue distributed to the Indiana Economic Development Corporation by about \$38,000 in FY 2016 and \$40,000 in FY 2017.

French Lick Casino Wagering Tax Structure: Under current law, each riverboat casino pays the wagering tax on the adjusted gross receipts (AGR) earned on gaming at the casino during the state fiscal year. The wagering tax is paid on the following graduated rate structure.

Taxable AGR Increment Earned July 1 to June 30	Tax Rate on AGR Increment
\$25 M and under	5% or 15%*
Over \$25 M up to \$50 M	20%
Over \$50 M up to \$75 M	25%
Over \$75 M up to \$150 M	30%
Over \$150 M up to \$600 M	35%
Over \$600 M	40%
*5% rate in the lowest bracket applies to riverboats that had less than \$75 M of AGR during the preceding state fiscal year.	

The French Lick casino was one of the three Indiana riverboats that fell below the \$75 M AGR threshold in FY 2014 and paid the 5% wagering tax rate on the lowest wagering tax bracket in FY 2015. Under current law, it is estimated that the French Lick casino will continue to pay at the lower rate of 5% on the lowest bracket in FY 2016 and FY 2017. This bill will require the French Lick casino to pay a flat 5% wagering tax on all its taxable AGR.

Explanation of Local Expenditures:

Explanation of Local Revenues: Lowering of wagering tax rates for the French Lick casino will impact the following local units.

	FY 2016	FY 2017
Orange County	(\$0.69 M)	(\$0.74 M)
Orleans	(\$0.38 M)	(\$0.41 M)
Paoli	(\$0.38 M)	(\$0.41 M)
French Lick	(\$0.61 M)	(\$0.65 M)
West Baden	(\$0.61 M)	(\$0.65 M)
Orange County Dev Com	(\$0.61 M)	(\$0.65 M)
Total Local Impact	(\$3.3 M)	(\$3.5 M)

State Agencies Affected: Indiana Economic Development Commission; Indiana Gaming Commission.

Local Agencies Affected: Local units receiving wagering tax revenue from the French Lick casino.

Information Sources: Annual Reports, Indiana Gaming Commission, <http://www.in.gov/igc/2362.htm> ; *State Revenue Forecast*, December 18, 2014, <http://www.in.gov/sba/2648.htm>.

Fiscal Analyst: Randhir Jha, (317) 232-9556.